

HOUSE BILL 1631  
By Brown

AN ACT to amend Tennessee Code Annotated, Title 45,  
Chapter 15, Part 1, relative to title pledges.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 45-15-111, is amended by deleting the section in its entirety and by substituting instead the following:

(a) A title pledge lender shall contract for and receive an effective rate of interest not to exceed one percent (1%) per month; additionally, the title pledge lender may charge, contract for, and receive a customary fee to defray the ordinary costs of operating a title pledge office, including, but not limited to, investigating the title, appraising the titled personal property, insuring the personal property when in the physical possession of the title pledge lender, documenting and closing the title or property pledge transaction, making required reports to local law enforcement officials, for all other services provided by the title pledge lender, advertising, for losses on title pledge or property pledge transactions, salaries, and for all other expenses incurred by the title pledge lender except those in subsection (b). Such a fee shall not be deemed interest for any purpose of law, and such fee may equal no more than one tenth (1/10) of the original principal amount of the title pledge agreement or property pledge agreement, or of the total unpaid balance due at the inception of any renewal of such agreement. Such interest and fees shall be deemed to be earned, due and owing as of the date of the title pledge agreement or property pledge agreement and a like sum shall be deemed earned, due and owing on the same day of each subsequent thirty-day period.

(b) Title pledge lenders may assess and collect, as reimbursement, a reasonable repossession charge not to exceed the actual amount charged by any company or

companies, attorney or attorneys, or contractor or contractors to repossess the titled personal property and deliver such titled personal property to the storage facility of the title pledge lender.

(c) Notwithstanding the provisions of § 45-1-104, or any other law to the contrary, in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, the department of financial institutions shall promulgate rules requiring each title pledge lender to issue a standardized consumer notification and disclosure form in compliance with federal truth-in-lending laws prior to entering into any property pledge agreement or title pledge agreement wherein the pledged goods will consist of, or include, one (1) or more motor vehicles titled by this or any other state. The required style, content and method of executing the form shall be specifically prescribed by the rules and shall be designed to ensure that the pledgor, prior to entering into such agreement, receives and acknowledges an accurate and complete notification and disclosure of the itemized and total amounts of all interest, fees, charges and other costs that will or potentially could be imposed as a result of such agreement.

SECTION 2. This act shall take effect July 1, 2005, the public welfare requiring it.